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**FISCAL IMPACT STATEMENT**

**LS 7377**

**BILL NUMBER:** HB 1314

**NOTE PREPARED:** Mar 28, 2013

**BILL AMENDED:** Mar 26, 2013

**SUBJECT:** Proprietary Education.

**FIRST AUTHOR:** Rep. Clere

**FIRST SPONSOR:** Sen. Kruse

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill provides that the executive officer of the Commission for Higher Education (Commission) may develop procedures for authorizing out-of-state public and not-for-profit degree granting institutions to offer instructional or educational services or training in Indiana.

The bill adds a definition of "degree granting".

The bill requires an out-of-state public or not-for-profit degree granting institution seeking to offer instructional or educational services or training in Indiana to receive authorization from the executive officer of the Commission to provide instructional or educational services in Indiana.

The bill provides that a person may not do business as a degree granting institution in Indiana unless: (1) the institution is accredited by an accrediting agency recognized by the United States Department of Education or is seeking and progressing toward accreditation by an accrediting agency recognized by the United States Department of Education; or (2) the institution is a religious institution that offers educational instruction or an educational program of a clearly religious nature.

The bill provides that the Board for Proprietary Education may join interstate reciprocity agreements, and authorize an institution to operate in Indiana, if the institution and the state in which the institution's principal campus and institutional accreditation is located are members of the interstate reciprocity agreement.

The bill transfers rulemaking authority regarding the regulation of postsecondary proprietary institutions from the State Workforce Innovation Council to the Department of Workforce Development (Department).

The bill changes references to "accreditation" to "authorization" in provisions relating to administration of postsecondary credit bearing proprietary institutions. It repeals the definition of "accreditation", and adds a definition of "authorization". It also makes changes to the definition of "postsecondary credit bearing proprietary educational institution".

The bill repeals requirements for the issuance of agent permits. It repeals the definition of "agent's permit".

The bill provides that a person who knowingly and intentionally makes certain misrepresentations regarding a postsecondary credit bearing proprietary educational institution is subject to action by the Attorney General's Office for making a deceptive consumer sale.

The bill requires the Department, in consultation with the Commission for Higher Education, the Department of Education, the Office of the Secretary of Family and Social Services, and any other agency the Department determines is necessary, to include information in the Indiana Workforce Intelligence System (IWIS) regarding middle skill credentials awarded in the state. It also requires public and private institutions of higher education, private occupational schools, community colleges, area vocational schools, high school vocational programs, apprenticeship programs, and other public or private workforce training programs to provide the information required to IWIS.

**Effective Date:** Upon passage; July 1, 2013.

**Explanation of State Expenditures:** The Board for Proprietary Education (Board) and the Workforce Innovation Council (Council) should be able to implement the changes within their current budget appropriations. The bill would require a degree-granting proprietary educational institution to be accredited by an accrediting agency recognized by the United States Department of Education unless they are an institution that exclusively offers instruction of a clearly religious nature. These institutions would now apply to the Board or Council to be authorized (instead of accredited) to operate in Indiana. These provisions could simplify the administration process for these entities.

The bill also that makes it a violation for a person who knowingly and intentionally makes certain misrepresentations regarding a postsecondary credit bearing proprietary educational institution. This violation is subject to action by the Attorney General's Office (AG) for making a deceptive consumer sale and should have minor fiscal impact on the AG.

The elimination of an agent's permit could reduce some administrative costs since the permit would no longer be issued. The impact is probably minor.

The bill allows the Board for Proprietary Education to join an interstate reciprocity agreement and authorize an institution to operate in Indiana, if the institution and the state in which the institution's principal campus and institutional accreditation is located are members of the interstate reciprocity agreement. This change could reduce the cost of authorizing some institutions to operate in Indiana.

(Revised) The bill requires the Department of Workforce Development, in consultation with the Commission for Higher Education, the Department of Education, FSSA, and other state agencies, to include information regarding the middle skill credentials awarded in the state in the Workforce Intelligence System. The bill also requires state educational institutions to provide the pertinent information to the Department for inclusion in the Workforce Intelligence System. These agencies should be able to compile and include pertinent information

for inclusion in the Workforce Intelligence System within their current resources.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) The bill requires school corporations to provide required information on middle skill credentials to the Department of Workforce Development for inclusion in the Workforce Intelligence System. School corporations should be able to compile and include the pertinent information for inclusion in the Workforce Intelligence System within their current resources.

**Explanation of Local Revenues:**

**State Agencies Affected:** Board for Proprietary Education, Department of Workforce Development, Commission for Higher Education, Department of Education, FSSA, state educational institutions.

**Local Agencies Affected:**

**Information Sources:**

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